

DRAFT HAZARDOUS WASTE USER CHARGE (HWUC) STAKEHOLDER WORKGROUP MEETING SUMMARY

June 14, 2012

Meeting Time and Location: 1:00-4:00 p.m., Rachel Carson conference room, Constitution Hall, Lansing, Michigan

Meeting Attendees: 14 stakeholders at table (Mike Takacs for Scott Maris); 3 on phone (Allison Harrison for Terry Burns); 5 Department of Environmental Quality (DEQ), Resource Management Division (RMD), staff at table. Kathy Tetzlaff, DEQ, joined the meeting at the request of the members.

Handouts: Hazardous Waste Program Summary, revision #2 and a revised What We Have Heard/Models.

Liane Shekter Smith, Chief, RMD, DEQ, welcomed the workgroup and gave an overview of the presentations that will be provided by DEQ staff.

Kathy explained the discrepancies between the two program cost handouts. She went over terminal leave and how it is now shifted to another category. Federal grant and indirect costs were explained. The one-time funding assistance is now reflected in the revised program summary as are general funds (GF), or lack thereof. The FTE numbers were changed by adding 5 FTEs between FY13-14. The Environmental Pollution Prevention Fund (EPP) is where HWUC and site ID revenue is reflected. FY14 shows projected payroll increase. The restacking of Constitution Hall may show a savings but it will be in the future as the initial savings will be reinvested into redoing other state buildings. Liane indicated it will likely be FY16-17 before the RMD realizes any savings. Members asked why GF money will not be coming back to the RMD. Kathy and Liane indicated that from what has been shared with them, GF is not expected. Members asked if the FTE costs increased. Kathy explained that the FTE amount was not a simple calculation, as employees took banked leave time for a span of time. For planning purposes, an average employee salary cost is around \$70,000. There will be no raises for employees during the current year. There are some budgeting aspects that the RMD and hazardous waste program cannot change, particularly structural aspects. For historical purposes, staff reminded members that in 2007 there was a fee proposal asking for an increase that was denied. One member shared that he believes that revenue will decrease for any HWUC structure proposed as the waste generating universe is improving their operations and generating less waste.

The HWUC collection target is \$4.4 million. The current HWUC sunsets in October 2013. Staff remarked that a more balanced system over the current HWUC should take into account staff's level of effort relative to work on TSDFs. A HWUC designed on a 50% monies generated from generation-based fees/50% monies generated from TSDF-based fees. The ratio may even be 60%/40% or higher.

Staff explained the handout. The lower left box reflects the new generators that would pay the Site ID number fee (proposed by some at \$100, others at \$250). It is estimated that on an annual basis approximately 200 new generators would be required to pay the suggested

site ID number fee. The issue of conditionally exempt small quantity generators (CESQG) and the fact that they are not some have that status because they are protective notifiers only (may not be active) while some are actually generating waste at the specified quantities based upon manifest data. It was made clear that such a proposal would not force CESQGs to get a site ID number. However, if they chose to get one, they would pay for it. Some were in favor of the database being cleaned/updated for the CESQGs and if they have not been active for several years perhaps they could be removed or changed to a liquid industrial waste (LIW) only status and pay a lesser site ID number fee of about \$50 fee. This may be problematic depending on the path the group selects. If the group wants to keep LIWs notifying then perhaps they need to be their own designation.

There is also a graph that shows the number of generators and the quantity of waste they generate annually. CESQGs were discussed further. It is possible that CESQGs with 1 ton generation, 4410 currently registered, may elect to close out their site ID number and/or cease using a manifest for their waste in order to avoid a HWUC. Members wondered if CESQGs were required to pay a generation fee if it could be based on actual manifest data as opposed to the site ID notification status. Staff stated that a fee based on notification (current system) has resulted in showing that the data recorded in the database is not accurate. Every year many customers change their invoice amount and re-notify with a changed generator status.

Once again, members discussed the possibility of capturing out-of-state generators. A few members that are in communication with out-of-state generators indicated those generators are not in favor of paying more than a minimal amount to Michigan. That group would not mind paying for the processing of their manifests but to add another amount onto of it would not be welcomed. The TSDf members suggested that out-of-state waste could just as easily go to another state instead of Michigan which would not be beneficial to business. It was shared that Ontario's model on out-of-state fees has several negative aspects.

The group recognized that any fee based on volume may not be sustainable due to inspections, system improvements, and less waste generation.

Lenora Strohm shared that Louisiana has a generator annual fee called a "maintenance fee" that may be an idea to consider. Other members suggested that everyone in the database system be charged a fee of \$100 minimum annually. A wider base is a must in order to achieve the target revenue goal. This would result in a more accurate database.

It was recognized that the current late payment penalty system was not as effective as it should be. The group supported fewer delinquent notices (three instead of five) and significantly higher penalties (one suggestion was double the original amount owed if not paid within 60 days). The key is to get timely payments and the administrative costs associated with delinquent notices.

TSDf handler fees were discussed. Staff indicated that had discussed how to assess such fees and felt that they should be based on the type of management used (storage, treatment, disposal, incineration) and process design capacities.

One member suggested just multiplying all the current handler fees by four to reach the necessary amount. Another member stated they were in favor of continuing the HWUC structure that has a manifest and status portion, even if the fees are much higher than currently charged as that would be an amount that could be planned for in the budgeting process. Staff does not think the answer is just raising the fee amounts as there are holes in the current system and high administrative costs.

Another member suggested a fee for universal waste processors that make money doing the activity.

Details of a proposed HWUC structure captured on the white board:

- 1) Initial notification for a site ID number increased from \$50 to \$100-\$250; @ 200 notifications/year = \$20,000- \$50,000/year.
- 2) Site ID maintenance fee of \$100 for all persons with site ID numbers; FY11 = 6,800 with that number likely decreasing to 3,400 people after the first year of implementation.
- 3) Generator fee based on quantity generated annually based on manifest data. Ranges of generation rates (e.g., \$0 for 0-2,000 lbs.; \$100 for 2,000 lbs.-X lbs., etc.), with the fee capped at some established value.
- 4) TSDf fee using a scaling factor based on the complexity of the individual companies and process design capacities.
- 5) Fee for persons subject to used oil biennial reporting. About 16 sites @ \$2,000 = \$36,000. Perhaps aim for \$40-50,000.
- 6) Used oil reclaimers
- 7) Used oil generators would have their own fee, possibly increased from the current \$100.

Liane inquired as to whether or not the group would be interested in having the Director attend a future meeting? The group was in favor of this.

The RMD needs a HWUC system proposal to submit to the Director and aid in FY14 budget discussions.

Staff were not ready to share a draft with the group yet but will try to have something to share with the group as quickly as possible.

Next meeting on June 28, 1-4:30 p.m.

Adjourned at 3:25 p.m.